

MONTANA BOARD OF HOUSING

American Legion Hall

110 E 3rd

Big Timber MT 59611

June 14, 2005

ROLL CALL OF BOARD

MEMBERS: Bob Thomas, Chairman (Present)
Judy Glendenning, Vice Chairman (Present)
J.P. Crowley, Secretary (Present)
Susan Moyer (Via teleconference)
Audrey Black Eagle (Absent)
Jeff Rupp (Present)
Betsy Scanlin (Present)

STAFF: Bruce Brensdal, Executive Director
Bob Morgan, Single Family Program Manager
Chuck Nemec, Accounting & Finance Manager
Mat Rude, Multifamily Program Manager
Gerald Watne, Multifamily Program Officer
Jeannene Maas, Training & Development Specialist
Diana Hall, Administrative Assistant

COUNSEL: Pat Melby, Luxan and Murfitt

OTHERS: John Grady, Monfric, Inc.
Gerald Fritts, E-D Captital Inc.
Lorna Hall, Intermountain Mortgage
Steve Redinger, Intermountain Mortgage
Erin McCarthy O'Donnell, Intermountain Mortgage
Brad Dillon, DMC, Inc
Alyce Howell, Wells Fargo Home Mortgage
Tim German, Sparrow Group
Vicki Lapp, City of Billings
Dave & Carole Cobb, Livingston
Bill Hester, Florence MT
Grant Wheeler, Stevensville
Bill Oser, Billings

CALL MEETING TO ORDER & APPROVAL OF MINUTES

Chairman Bob Thomas called the meeting to order at 8:30 a.m. Judy Glendenning moved to approve the May 16, 2005 Board minutes. J P Crowley seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

PUBLIC COMMENTS

Mr. Thomas asked the Board, staff, and guests to introduce themselves. He asked for comments from the public.

MULTIFAMILY PROGRAM

The Board gave final approval for a HUD Risk-share loan for the Orchard Gardens Project in Missoula contingent on HUD's final approval. The two tentative issues were resolved. The first was a lawsuit that homeWord was involved in and it was determined by our legal counsel to be a minimal risk. The other possible issue was that the project had already broke ground and needed HUD's approval, which it received. Judy Glendenning moved to give the final approval of the Risk-share loan for Orchard Gardens Project contingent on HUD giving their final approval. J P Crowley seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

Mat Rude said he has received more interest for conduit deals. Therefore, a Private Placement Policy for Unrated/Unenhanced Multifamily Housing Revenue Bonds was drafted. Also, Gerald Fritts of E-D Capital, Inc. submitted suggested changes to the draft version of the policy and explained their reasons for the revisions. Pat Melby recommended waiting until the Bond counsel responds to the suggested revisions policy.

Mr. Fritts told the Board about a proposed plan to buy several USDA 515 projects that need rehabilitation and are located mostly in eastern Montana. He would liked to use private placement bonds once the policy is in place because it allows financing using tax-exempt funds over a long period of time for low-income use. No action was taken.

The Pioneer Apartments Phase 2, are duplexes with a shared reception area for brain-damaged individuals. Phase 1 was funded through the Disabled Accessible Affordable Housing Program (DAAHP). The funding is from the bond program, however HUD has changed their policy and classify it as a group home instead of a duplex, so it is being presented under the multifamily loan portfolio. Jeff Rupp moved to proceed with the Pioneer Apartments Phase 2. Judy Glendenning seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

Mat started discussion of the Partnership change of Hamstead Partners transferring to Monfric Inc. for the tax credit Preservation Projects. Jeff excused himself from the discussion due to a conflict of interest and Susan disclosed that she also had a conflict of interest and would not participate in any action taken. John Grady, of Monfric, Inc. answered questions from the Board regarding the changes. Mr. Grady indicated that "prior obligations, including those made to non-profit partners, would be honored. Mat said the change would not change anything for the tax-credit responsibilities. J P Crowley moved to

approve the transfer of partnership for the Preservation Projects. Betsy Scanlin seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

Mat presented the proposed changes to the 2006 Qualified Allocation Plan (QAP). Susan inquired about the taxes. Mat said it was left up to the individual cities. Betsy would like more points for the lowest income tenants projects and also using green products for building materials. Jeff commented on awarding major points to the tax credits to the projects that serve the poorest Montanans. Jeff moved to put the QAP, with the revised scoring, out for public comment. Betsy Scanlin seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

Mat presented a Reverse Annuity Mortgage (RAM) exception to the \$10,000 lump sum payment to pay off a previous mortgage. Judy Glendenning moved to accept the RAM exception. J P Crowley seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

ACCOUNTING PROGRAM

Charles Nemec said the June 1 debt service for both indenture has been met. He said fiscal year end (FYE) is June 30th. Chuck defined arbitrage and said it will be determined after FYE and Bond Logistics makes the calculations.

PROMOTIONAL PROGRAM

Bruce Brensdal gave the highlights for Housing Division for the month. It was suggestion to do the highlights on a year to date basis. Betsy would like the marketing directed to informing the low-income rural community who may not search out a realtor or lender. She suggested using the bill inserts to target counties through the rural electric bill and she volunteered to contact the Carbon County Rural Electric. Jeannene Maas said she had heard radio ads and PBS-TV ads from Montana Homeownership Network several times a day regarding myth busters regarding homeownership.

SINGLE FAMILY PROGRAM

Bob Morgan said there are no REO properties at this time. He said the only properties that MBOH gets back are Rural Development (RD) properties. Montana Board of Housing (MBOH) has worked extensively with RD to make the process as smooth as possible.

Bob gave an update on the 2005 A Program. There have been 184 loans reserved for \$19,481,228 and 136 loans have been purchased for \$14,409,094 in the program. The daily activity report showed the amount of loans reserved each day. The Reservation Activity History compared the amount of reservations each month in 2004 with each month in 2005. Bob showed a report comparing MBOH interest rates with other states on a 30-year fixed rate. The zip code report shows the cities where loans have been reserved. The interest rate was discussed and no action was taken.

Bob said Genworth has agreed to the special rate for Primary Mortgage Insurance (PMI) for Montana Board of Housing. There will training for the lenders and realtors last part of July.

Bob presented the setaside summary, which shows \$28,585,054 committed to setasides. Judy Glendenning move to extend the NHS/MHN program for down payment and closing costs for one year. Betsy Scanlin seconded the motion. The Chairman asked for public comments. The motion passed unanimously. Vicki Lapp of The City of Billings requested \$4,000,000. Jeff Rupp moved to approve the increase the City of Billings setaside by \$4,000,000 and extend the program to July 1, 2006. Judy Glendenning seconded the motion. The Chairman asked for public comments. The motion passed unanimously. The GAP financing program was set up to provide for immediate purchase of properties that fall within the limitations for non-profits. Judy Glendenning moved to extend the GAP financing setaside to July 1, 2006. J P Crowley seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

Bob gave the Mortgage Credit Certificate (MCC) summary report. The MCC Program has 31 certificates issued and 6 reserved.

EXECUTIVE DIRECTOR'S UPDATE

Bruce Brensdal said the Strategic Plan Meeting is starting and Bruce asked for input.

The NCSHB workshop will be August 14-16 in Colorado Springs. Bruce asked who wanted to attend.

Bruce said the interviews for Bob Morgan's position will take place in July.

The Montana House project is in the process of building the third house. There is a problem with getting them moved in a timely fashion.

Bruce presented a legal opinion regarding code of ethics for public employees being invited to events.

Bruce gave an update on the Mountain Plains Regional Summit. Bob Thomas said that the Summit will be in Montana next year in Helena. He would like the Summit to be round tables tailored for Board members and Executive Directors. The Chairman would like to show off our Capitol and state. Bob said he wants it to be more relaxed and less technical with a glossary for acronyms.

Chairman Thomas also would like an educational session after a Board meeting for the Board, financial partners, legal and bond counsel, and staff with a short summary of programs, ethics, Board duties, and enabling legislation so everyone is on the same basis for what we do. He said it would be more in depth than the previous sessions for new Board members.

Susan said Bruce sent a memo regarding knowledge and experience for Board members. She had a fax outlining how South Dakota addressed the qualifications. She would like to continue the Board's discussion of this issue in Missoula.

Bruce discussed future meeting dates and locations. The next meeting is scheduled for July 18th in Missoula. Meetings are tentatively scheduled for, August 25th in Libby, September 19th in Red Lodge, October 17th in Helena, and November 21st in Helena.

The meeting adjourned at 11:53 a.m.

J. P. Crowley, Secretary

Date